

Message Text

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PAGE 01 JAKART 08488 161152Z

42

ACTION AID-59

INFO OCT-01 EA-07 EB-05 IGA-02 INR-10 CIAE-00 ADP-00 /084 W

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P 161018Z JUL 73

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC PRIORIZV 7881

UNCLAS JAKARTA 8488

AIDAC

E.O. 11652: MYFA

SUBJECT: LOAN 497-H-019 JOGJAKARTA DIESELS

REF: STATE 133989

1. USAID IN PROCESS OBTAINING CHRONOLOGICAL REPORT FROM DATE BANK INDONESIA ESTABLISHED STANDARD L/CREDIT IN FAVOR VINNELL AT BANK AMERICA LOS ANGELES ON APRIL 12 THROUGH DATE VINNELL ACKNOWLEDGED RECEIPT L/CREDIT JULY 2 (REFTEL PARA 1). BANK INDONESIA TO PROVIDE USAID INFO JULY 17.

2. BANK INDONESIA USED STANDARD FORMAT L/CREDIT ESTABLISHED FOR VINNELL ON APRIL 12, 1973. THIS FORMAT USED BY BANK INDONESIA FOR ALL/CREDIT CITING FUNDING BY AID L/COMM. SO FAR APPEARS FIRST NOTICE UNACCEPTABILITY BANK INDONESIA L/CREDIT WAS 15 MAY. VINNELL CABLE TO PLN NOTING IN PART L/CREDIT QUOTE REQUIRES ADDITIONS AND REVISIONS UNQUOTE WITHOUT SPECIFYING WHAT THESE WERE. VINNELL CABLE DATED MAY 30, 1972 TO PLN QUOTED REQUIRED BANK OF AMERICA PRO FORMA L/CREDIT FORMAT. AFTER MEETINGS BANK INDONESIA, PLN, BANK AMERICA JAKARTA AND VINNELL REPRESENTATIVE, BANK INDONESIA RESPONDED TO BANK AMERICA, LOS ANGELES BY CABLE JUNE 30, 1973 QUOTE RYC JUNE 12 TEXT YOUR PROFORMA LETTER OF CREDIT OUR 0103/2230/PL AGREED. PLEASE ADVISE BENEFICIARIES UNQUOTE.

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EM FYI L/CREDIT 0103/1394/PL ESTABLISHED AT BANK

AMERICA, SAN FRANCISCO IN FAVOR OF SPI CITING L/COMM
497-H02101 USING BANK INDONESIA STANDARD FORMAT. BANK
AMERICA TOOK NO EXCEPTIONS TO L/CREDIT FORMAT. END FYI.

4. SECOND PARA REFTEL STATES THAT L/CREDIT STILL REQUIRES
REVISIONS. BANK INDONESIA, PLN AND USAID NOT INFORMED
REVISIONS REQUIRED IF THESE ARE OTHER THAN EXTENDING
DATES AND INCREASING AMOUNT CITED REFTEL.

5. COMMENT: VINNELL REQUEST FOR ADDITIONAL FUNDS BASED
ON DELAY ISSUANCE L/CREDIT APRIL 12 WHICH INCORPORATES
RELEVANT PROVISIONS L/COMM SEE NO JUSTIFICATION VIENNELL
REQUEST FOR ADDITIONAL FUNDS BASED PECULIARITY BANK
AMERICA LOS ANGELES REQUIREMENT FOR OWN FORM L/CREDIT.

6. PLN/VINNELL CONTRACT PARA 1.6 PROVIDES PRICES SHALL
BE FIRM THROUGHOUT LIFE OF CONTRACT. PARA 2.23.1 PROVIDES
FOR ESTABLISHMENT IRREVOCABLE L/CREDIT WITHOUT REFERENCE
TO SPECIFIC TIME. PARA 4:3.1 ESTABLISHES DATE TO START
WORK AS QUOTE UPON RECEIPT OF AN IRREVOCABLE LETTER OF
CREDIT UNQUOTE.

7. IN LIGHT ABOVE OUR VIEW BASED ON INFORMATION SO FAR
WOULD BE TO ADVISE PLN TO REJECT INCREASE IN CONTRACT
AMOUNT BUT EXTEND DATES AS APPEAR REASONABLE AND
REQUIRE VINNELL TO START WORK UPON PENALTY FORFEITURE
PERFORMANCE BOND. PROPOSE DEFER ADVICE TO PLN HOWEVER
UNTIL RECEIPT MATERIAL PARA ONE ABOVE AND WILL ADVISE
AID/W FURTHER AT THAT TIME.
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